

THIS CHECK IS VOID WITHOUT A BURGUNDY & GRAY BORDER AND BACKGROUND PLUS A KNIGHT & FINGERPRINT WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

C/007/041 Incoming

#3595
K

West Ridge Resources
794 C Canyon Road
East Carbon UT 84520

Wells Fargo Bank, N.A.
121 E. Main St.
Castle Dale

6-271
410

| DATE | CHECK NO | VENDOR NO |
|------------|----------|------------|
| 09/16/2010 | 202637 | 0000403007 |

FOUR THOUSAND FOUR HUNDRED DOLLARS

| AMOUNT |
|------------|
| \$4,400.00 |

PAY
TO THE
ORDER
OF

DIVISION OF OIL GAS & MINING
PO Box 145801
SALT LAKE CITY UT 87114-5801

ORIGINAL CHECK

ROUTED TO ACCOUNTING

VOID AFTER 6 MONTHS



Robert D. Moore

RECEIVED
SEP 20 2010
DIV. OF OIL, GAS & MINING

**WORKSHEET FOR ASSESSMENT OF PENALTIES
DIVISION OF OIL, GAS & MINING**

COMPANY / MINE West Ridge Resources, Inc. / West Ridge Mine

PERMIT C/007/0041

NOV / CO # 10063

VIOLATION 1 of 1

ASSESSMENT DATE August 30, 2010

ASSESSMENT OFFICER Joe Helfrich

I. HISTORY (Max. 25 pts.)

- A. Are there previous violations, which are not pending or vacated, which fall one (1) year of today's date?

| PREVIOUS VIOLATIONS | EFFECTIVE DATE | POINTS |
|---------------------|----------------|----------|
| _____ | _____ | <u>0</u> |
| _____ | _____ | _____ |

1 point for each past violation, up to one (1) year
5 points for each past violation in a CO, up to one (1) year
No pending notices shall be counted

TOTAL HISTORY POINTS 0

II. SERIOUSNESS (Either A or B)

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector's and operator's statements as guiding documents.

Is this an EVENT (A) or HINDRANCE (B) violation? Event

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?

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The event was water pollution that included the off site deposition of suspended solids and what appeared to be hydrocarbons from outfall 002.

2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

| <u>PROBABILITY</u> | <u>RANGE</u> |
|--------------------|--------------|
| None | 0 |
| Unlikely | 1-9 |
| Likely | 10-19 |
| Occurred | 20 |

ASSIGN PROBABILITY OF OCCURRENCE POINTS 20

PROVIDE AN EXPLANATION OF POINTS:

****According to the information provided in the inspector statement "The coal fine laden mine-water that was discharged to the C Canyon drainage has resulted in accumulations of the material within and directly adjacent to the C Canyon drainage channel".*

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

ASSIGN DAMAGE POINTS 15

PROVIDE AN EXPLANATION OF POINTS:

**** According to the information provided in the inspector statement "Excessive amounts of coal-fine material were deposited within and adjacent to the C Canyon drainage. Coal fine material has already been observed off of the permit area. The C Canyon drainage is ephemeral in nature, however, it is prone to flash flood events that would effectively dislodge the coal fine material and transport it downstream. The C Canyon drainage is tributary to Grassy Trail Creek which reports to the Price River. The Price River flows into the Green River which ultimately intersects the Colorado River".*

B. HINDRANCE VIOLATION (Max 25 pts.)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? _____
RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

TOTAL SERIOUSNESS POINTS (A or B) 35

III. NEGLIGENCE (Max 30 pts.)

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, or the failure to abate any violation due to the same? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

| | |
|-------------------------|-------|
| No Negligence | 0 |
| Negligence | 1-15 |
| Greater Degree of Fault | 16-30 |

STATE DEGREE OF NEGLIGENCE _____

ASSIGN NEGLIGENCE POINTS 25

PROVIDE AN EXPLANATION OF POINTS:

*** According to the information provided in the inspector statement, "In January of 2009, the Division issued a Notice of Violation (NOV #10033) for the same infraction. During the abatement of NOV #10033, the Permittee constructed four sub-catchments (A, C, E and F). The catchments were utilized to retain the coal fine material as it was physically removed from the channel and put into suspension where it could then flow downstream and collected for removal. A flocculant was utilized at the catchments in order to facilitate a more efficient removal of the coal fine material from the C Canyon drainage. Additionally, the Permittee reported to the Division that a re-routing of the underground mine water would occur and that the new configuration would provide for additional settling time of the coal fine material prior to it's discharge to the surface and the C Canyon drainage. A flocculant was utilized within the mine-works to facilitate additional settling of the material underground". At the time of the inspection the permittee could not provide information to the Division representatives that demonstrated that an under ground treatment system designed to prevent the deposition of coal fines and hydrocarbons at outfall 002 had been constructed.

IV. GOOD FAITH (Max 20 pts.)

(Either A or B)

(Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?

IF SO--EASY ABATEMENT

Easy Abatement Situation

- X Immediate Compliance -11 to -20*
(Immediately following the issuance of the NOV)
- X Rapid Compliance -1 to -10
(Permittee used diligence to abate the violation)
- X Normal Compliance 0
(Operator complied within the abatement period required)
(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- X Rapid Compliance -11 to -20*
(Permittee used diligence to abate the violation)
- X Normal Compliance -1 to -10*
(Operator complied within the abatement period required)
- X Extended Compliance 0
(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? _____

ASSIGN GOOD FAITH POINTS 0

PROVIDE AN EXPLANATION OF POINTS:

*** According to the information provided in the inspector statement, "It did not appear that the Permittee had the necessary resources on site to achieve compliance. Based upon the excessive amount of coal fine material that was observed within the C Canyon drainage from UPDES Outfall 002 to Catchment E, it's evident that the material was not produced from an isolated event, but rather a chronic condition/practice at the mine site (specifically within the underground mine works). Additionally, based upon discussions with mine representatives, the re-routing of the underground mine water that was presented to the Division in February of 2009 (as a result of NOV #10033) was

never completed. It was further reported that in the last year since the previous NOV (NOV #10033) was issued, there were instances where the Permittee failed to maintain adequate flocculant supplies on-site to ensure constant usage underground”.

Good faith points will be considered upon termination of the violation.

V. ASSESSMENT SUMMARY

NOTICE OF VIOLATION # CO 10063

| | | |
|------|--------------------------|-----------|
| I. | TOTAL HISTORY POINTS | <u>0</u> |
| II. | TOTAL SERIOUSNESS POINTS | <u>35</u> |
| III. | TOTAL NEGLIGENCE POINTS | <u>25</u> |
| IV. | TOTAL GOOD FAITH POINTS | <u>0</u> |
| | TOTAL ASSESSED POINTS | <u>60</u> |

TOTAL ASSESSED FINE \$ 4,400